

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00
NSC-05 OMB-01 PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04
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P 030815Z MAR 77
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC PRIORITY 2724

C O N F I D E N T I A L TAIPEI 1160

E.O. 11652: GDS
TAGS: PBOR, ENRG, BPRO, TW, CH
SUBJECT: OFFSHORE OIL EXPLORATION IN DISPUTED TERRITORIAL WATERS

REF: (A) STATE 045797, (B) TAIPEI USDAO TEL IR NR 6 818 0101 (R 22-0906Z FEB 77)

1. CONFIRM LOCATION WODECO VIII CITED REFTEL (A). NEW POSITION (F-6) REPRESENTS NO SIGNIFICANT CHANGE IN DISTANCE WEST OF KAOHSIUNG FORM OTHER F-SERIES SITES PREVIOUSLY REPORTED.

2. AT PRESENT THERE ARE ONLY TWO DRILLING RIGS ACTIVE IN TAIWAN WATERS. ONE OF THESE, WHITE DRAGON, IS JAPANESE. OTHER IS WODECO VIII, REGISTRATION OF WHICH, LIKE THAT OF WODECO IV, IS PANAMANIAN. AVERAGE NUMBER OF AMERICANS REPORTED BY OUTSIDE OBSERVERS ABOARD WODECO VIII IN PAST IS LESS THAN 10 PERCENT OF 75-80 TOTAL CREW. EXACT CURRENT FIGURES FOR WODECO VIII AND IV HAVE BEEN REQUESTED AND WILL BE RELAYED TO DEPARTMENT ASAP.

3. IN MEETING WITH EMBOFF FEBRUARY 25, CPC OFFICIAL DIRECTLY RESPONSIBLE FOR OFFSHORE DRILLING OPERATIONS SAID ONLY THAT FOR 1977 CPC WAS CONTEMPLATING DRILLING
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TWO MORE WELLS, TO BE DESIGNATED F-7 AND F-8, SOMEWHERE NEAR THE OTHERS IN SAME BLOC. HE SAID THESE TWO ADDITIONAL WELLS MIGHT BE NECESSARY TO PERMIT ACCURATE EVALUATION OF TOTAL LIKELY GAS RESOURCES IN FIELD, AND IN VIEW OF COST OF BRINGING FIELD INTO PRODUCTION SUCH INFORMATION WAS ESSENTIAL. NO MENTION WAS MADE OF ANY IMMINENT MOVES OR EVEN ANY FIRM PLANS TO DRILL

WEST OF PENGHUS. FOLLOW-UP EMBASSY QUERY OF SAME OFFICIAL MARCH 2 PRODUCED STATEMENTS THAT CPC HAS MADE NO DECISION AS TO WHETHER TO LEASE WODECO IV, LET ALONE WHERE IT WOULD OPERATE. WE WERE ASSURED BY CPC THAT THERE HAD BEEN NO DEFINITE DECISIONS MADE YET REGARDING FUTURE DRILLING OPERATIONS IN PENGHUS AREA, AND TOLD THAT IF THERE WERE ANY SUCH MOVES AND THEY WERE POSSIBLY TO INVOLVE AN AMERICAN PRESENCE, EMBASSY WOULD BE INFORMED. CPC OFFICIAL ALSO INDICATED THAT ANY DRILLING CARRIED OUT WEST OF PENGHUS WOULD BE CLOSE TO THE ISLANDS, NOT FAR OUT IN MAIN CHANNEL OF STRAITS TOWARD MAINLAND.

4. AS HAS BEEN DONE IN THE PAST, EMBOFF REMINDED CPC OFFICIAL OF OUR CONCERN OVER DRILLING IN DISPUTED WATERS. EMBASSY WILL, OF COURSE, CONTINUE TO MONITOR SITUATION CLOSELY AND WILL PROMPTLY REPORT ANY CHANGE.

5. THE FORMER CONOCO FIELD, ACCORDING TO CPC, LOOKS PROMISING FOR NATURAL GAS ON BASIS OF F-1 AND F-6 INDICATIONS BUT AS WE HAVE INDICATED, EVALUATION OF RESOURCE WILL PROBABLY REQUIRE AT LEAST TWO MORE TEST BORES. IF COMMERCIAL EXPLOITATION APPEARS ECONOMICAL, CPC INTENDS TO SPEND NEXT FALL AND WINTER PLANNING DEVELOPMENT OF FIELD AND SUPPORTING FACILITIES. OFFSHORE PETROLEUM MANAGER ESTIMATES IT WILL TAKE 5 TO 6 YEARS AND AT LEAST US\$600,000,000 TO BRING FIELD FULLY INTO PRODUCTION, IF RESULTS OF STUDY RECOMMEND SUCH A MOVE.

6. THERE ARE NO PLANS TO DO FURTHER DRILLING IN THE
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HSINCHU-MIAOLI AREA. INITIAL RESULTS OF DRILLING IN TAICHUNG-LUCHIANG AREA WERE DISAPPOINTING--ONE DRY HOLE AND TWO SUBMARGINAL, HIGHLY-VISCOUS OIL STRIKES--BUT CPC HASN'T GIVEN UP THERE YET. NO DECISIONS HAVE BEEN MADE AS TO WHEN AND WHETHER TO RESUME EXPLORATORY OPERATIONS NORTH OF TAIWAN.
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Message Attributes

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